

TURLEY'S TOP TEN TIPS

ON DOING BUSINESS IN CHINA

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1 DO YOUR DUE DILIGENCE

Preparation is the key to success in any endeavor. Some firms have falsely assumed that China is too different and too opaque, so they enter the market with less information than they would normally require. This is foolish. Just as you will carefully consider market research reports, the record of your customers and partners and other relevant factors at home, you should do the same in the Chinese market. Due diligence is important

2 BE SELECTIVE IN CHOOSING THE RIGHT PARTNER

Your partners are all of the firms and people you do business with: your agent, your distributor, your customers, your suppliers, your advisors and your local joint venture partners. Before establishing a relationship with a potential partner, get to know them. Visit their facilities. Talk to their employees, clients and competitors. A good partner does not guarantee success, but a bad partner ensures failure.

3 TAKE A VERY LONG-TERM VIEW OR A VERY SHORT-TERM ONE

If you have been attracted to China by the long-term potential of the market, stay focused on your long-term goals, even if you encounter problems. At the same time, the rapidly changing Chinese market often presents excellent short-term opportunities. American firms should not be afraid to also avail themselves of short-term opportunities.

4 PAY ATTENTION TO "GUANXI"

Much has been said about the Chinese concept of "guanxi" (relationships). Guanxi is a network of relationships with people at various levels across a broad range of organizations. As in any business, it's important to have the right contacts and to cultivate those relationships. With perseverance, courtesy and goodwill, you can construct your own web of supporting relationships in China.

5 REMEMBER THAT CHINA IS NOT JUST ONE MARKET

From Harbin on the frozen north to subtropical Haikou on Hainan Island, China encompasses diverse topographies, climates, cultures and peoples. The Cantonese speak a language incomprehensible to the Shanghaiese, whose words are unintelligible to the people in Beijing. Consider that the national currency, the Renminbi, has five different languages on each bill. To help you take a regional approach, we have offices in five cities in the PRC and one in Hong Kong [see sidebar for contact information].

6 VISIT CHINA OFTEN

"Ninety-nine percent of success is showing up." As mentioned earlier, China is a huge market. Each region has its own consumer preferences and business needs. No one is better suited than you, as the representative of your business, to investigate and determine if your product or service would fit in a particular market. Winter coats in Beijing are useless in hot and humid Guangzhou. By visiting China, you can better understand the needs of your customers and what you can do to meet them. You should also use this opportunity to

investigate potential customers and cement your relationship with your current business partners.

7 USE PROFESSIONAL HELP

Reputable, reliable, professional service providers are available in China. You had a lawyer draw up your standard contracts in the United States; find a qualified Chinese lawyer to do the same for you in China. You had a realtor to help you find office space, an accountant to keep your books and pay your taxes and perhaps a market research firm to help you find out about the market. These services are also available in China. Do not forget that interpretation is a professional skill. Being bilingual does not qualify one to interpret. If communication is important to your business, then hire a professional interpreter.

8 TRANSLATE YOUR BUSINESS MATERIALS

You have only one chance to make a great first impression. Exchanging business cards is one of the first things you do when meeting with potential Chinese customers and clients. Have someone give you a real (two or three character) Chinese name and get business cards printed in Chinese. Also remember to have your brochures, pamphlets and annual reports translated into Chinese. This demonstrates that you are serious about doing business in China.

9 UNDERSTAND THE CULTURE

The two most important words in Chinese are “xie xie”, which mean “thank you”. Learn how and when to use them effectively. Don’t plan a trip around the local holidays. Chinese are inordinately proud of their cuisine, which they readily acknowledge to be the best in the world. Eat the sea slugs and fishgut they give you (it’s the best they have to offer) with a smile.

10 WORK WITH THE COMMERCIAL SERVICE

One of the greatest assets that American firms have at their disposal is the U.S. and Foreign Commercial Service (US&FCS). The Commercial Service team in China, led by Senior Commercial Officer Alan Turley, has a wealth of information and experience to help U.S. firms establish themselves in the Chinese market and begin exporting their products and services. Whether it is showing your product at a local trade show or identifying potential agents and distributors, the Commercial Service has a set of ready-made products designed especially for your small or medium-sized company. To learn more about how you can take advantage of the Commercial Service, visit their website (www.usatrade.gov). ■

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